

Institutional opening-up at the core of high-standard opening-up

EDITOR'S NOTE

China is fostering institutional opening-up to share its market with the world. This opening-up is a testament to China's commitment to a market-oriented, law-based and internationalized business environment. With open and mutually reinforcing domestic and international flows, China's large-scale market will continually bring new opportunities for global firms.

By WANG YING

Confronted with profound and complex changes in the domestic and international environments, institutional opening-up has become the core task of promoting high-standard opening-up in China. Rule alignment, regulatory coordination, management improvement, and standard formulation are currently important measures to accelerate the institutional opening-up.

Alignment with international rules

The object of rule alignment has begun to shift from traditional economic and trade rules to a new generation of high-standard economic and trade rules.

Traditional international economic and trade rules focus on the flow of goods and factors of production, while institutional opening-up focuses on building a fair competitive market and business environment.

The transformation of international production models has put



The Pazhou Lab, Guangzhou Province Photo: CFP

forward new requirements for international trade and investment rules, and the deep division of labor in global value chains will inevitably shift its requirements for opening-up from "border" to "behind-the-border."

In terms of rule alignment, China can contribute in the following two respects. First, it can focus on promoting the reform of the World Trade Organization (WTO) and the signing and upgrading of regional trade agreements while actively participating in and leading the construction of new rules for international trade and economic cooperation. Second, an institutional opening-up highland should be created and the role of pilot free trade zones (FTZs) fully leveraged.

Regulatory coordination

The focus of regulatory coordination is to accelerate the alignment of domestic regulations with international standards and promote deep domestic market-oriented

reform. In recent years, international economic and trade rules have been following the trend of global industrial development and the international division of labor, evolving along the path of high standardization.

High-standard economic and trade rules represented by Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have continually emerged, and the overall trend has continued to expand and extend to "domestic openness" characterized by intellectual property rights protection.

Institutional opening-up not only requires the extension of high-standard international rule systems to the domestic market, it also requires the transformation of domestic institutionalized regulations into internationally accepted rules and standards, thereby breaking the "barriers" between international and domestic economic systems and achieving coordination and

integration of the two.

First-class business environment

The main task of management improvement is to create a first-class business environment. The domestic business environment is a key factor for "domestic opening-up." The geographical layout of global production networks and the transnational concentration of production and business activities largely depend on the friendliness of the business environment in different countries or regions.

In order to comply with and lead the new round of high-standard opening-up, China must strive to create a first-class international business environment, referring to the new round of business environment evaluation index systems of the World Bank Group, and based on China's actual situation.

The Foreign Investment Law of the People's Republic of China should be implemented with high quality. Foreign-funded enterprises and private enterprises should be fairly treated.

Benchmarking against the international advanced level, we should further promote and continuously improve the "single window" system for international trade, and gradually extend it to fully cover the entire process of international trade.

Global standards

In recent years, China has steadily accelerated the pace of the "going global" of its standards. In 2022, the "High-Speed Railway Design Infrastructure" standard jointly prepared by more than 10 countries, including China, Germany,

Japan, and France, was released and implemented by the International Union of Railways, which is the first international standard in the field of high-speed railway infrastructure design.

As a landmark project between China and Indonesia under the Belt and Road Initiative, the Jakarta-Bandung High-Speed Railway is the first case of an entire Chinese high-speed railway system being exported to a foreign country.

The entire line is of custom design and is produced according to Chinese standards. The internal requirement of standard setting is to improve its own institutional supply.

In terms of standards, the "going global" requires consolidating China's current industrial foundation, making efforts in key areas, continuing to accelerate the "going global" of China's high-speed railway standards, focusing on the development of new industrial forms and new models of standards, and comprehensively promoting the "going global" of Chinese standards.

In the process of adjusting and improving global economic and trade rules, presenting China's voice, proposing China's plans, and making China's contributions have become the core of China's participation in the restructuring of international economic and trade rules.

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Institutional opening-up for new development advantages

By HAO SHENYONG

Institutional opening-up is an important hallmark of China's high-standard opening-up to the outside world, and an inevitable requirement for building a new system of a higher standard open economy. Therefore, we should seize the key of institutional opening-up by actively participating in international economic and trade rule negotiation and lead the formulation of international economic and trade rules.

Digital economy

Alignment with international high-standard economic and trade rules should be prioritized. With the new round of technological and industrial transformation, the digital economy is booming, and service trades, especially digital service trades, are developing rapidly. Therefore, attention should be paid not only to the rules of traditional trade in goods, but also to those in

the fields of the digital economy, service trades, and cross-border investments. It can be said that coordination of behind-the-border measures is an inherent requirement and inevitable choice as the division of labor deepens along the value chains. Therefore, in addition to traditional border measures such as tariffs, attention should also be paid to various behind-the-border measures such as competitive neutrality, environmental protection, property rights protection, and labor standards.

China has actively explored benchmarking against international high-standard economic and trade rules, the most typical of which is actively benchmarking against international rules for foreign investment access. It has taken the lead in introducing a foreign investment access management model of the pre-establishment national treatment plus negative lists in the China (Shanghai) Pilot Free

Trade Zone (FTZ).

In terms of benchmarking internationally accepted high-standard economic and trade rules, it is necessary to actively increase stress testing. To this end, China has applied to join the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) and the Digital Economy Partnership Agreement (DEPA), and will strengthen forward-looking research on the rules embodied therein.

Global vision

Combining national strategies such as Pilot FTZs and the Hainan Free Trade Port, we will adhere to problem-oriented and demand-oriented policies and promote thorough opening-up in key areas such as foreign investment access, cross-border service trade, and data and talent flow. We should summarize mature experiences and models, replicate and promote them, and amplify spillover effects. It is, of course, necessary to

coordinate opening up and security to effectively prevent systemic risks, since safe development is an inherent requirement for high-quality development. It is necessary to firmly establish risk awareness and bottom line thinking, update regulatory concepts, make good use of sci-tech means to strengthen supervision, improve the regulatory rule system and governance system, establish and improve the risk emergency response mechanism, and enhance risk prevention capabilities in expanding opening-up.

To participate in and lead the formulation of international economic and trade rules, it is necessary to actively safeguard the multilateral trading system with the WTO as its core, promote necessary reforms within the WTO, and properly use it as a multilateral trade negotiation platform. Second, efforts are needed to give full play to the role of pilot FTZs in participating in the experimental field of international economic governance, and link it

with the construction of a global network of high-standard free trade zones. We should make good use of platforms and opportunities such as jointly building the Belt and Road Initiative (BRI) and negotiating bilateral and regional free trade agreements, actively organize negotiations on multilateral economic and trade rules, and expand the convergence of interests with other countries. Third, we need to focus on building consensus through a shared global governance perspective of "extensive consultation, joint contribution and shared benefits," bridge differences with a new globalization concept that is open, inclusive, balanced and beneficial to all, fully play a coordinating and leading role, and safeguard the equal development rights of developing countries.

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